**HON'BLE SRI JUSTICE GODA RAGHURAM**

**W.P.NO. 19252 OF 2005**

**DATED: 12.3.2007**

Between:

The Tirupati Cooperative Bank Ltd., represented by its Mg.Director, N.Munirathnam,

.Petitioner

and

Government of India, Ministry of Finance represented by its Under Secretary to the Government and others

…Respondents

**THE HON'BLE SRI JUSTICE GODA RAGHURAM**

**W.P.NO.19252 OF 2005**

**ORAL ORDER:**

The petitioner is a cooperative Bank, which assails an Office Memorandum issued by the 1st respondent, which reads as under:

"sub: Irregular Issue of KVPs/NSCs in firm/institutions and Cooperative bank.

The undersigned is directed to refer to Department of Posts' Letter Nos.65-1/2005-SB dated.08-02-2005,No.65-1-2005-SB dated.28-03-2005 and No.65-1/2005-SB dated31-03-2005 on the subject cited above. These cases have been considered in this Department and it has been decided to allow refund of invested value in the following cases;

| Sl.No. | Name of Institution | Amount |
|---|---|---|
| 1. | M/s.Tirupathi Co-op Bank Ltd(KVP) | Rs.10,00,000/- |
| 2. | M/s.Prasanthi Chit Pvt Ltd.,(NSC) | Rs.2,000/- |
| 3. | M/s.Chameli Devi Inter College, Sihora(NSC) | Rs.25,000/- |
| 4. | M/s.T.T.D. Employees Co-op Bank Ltd.(KVP) | Rs.56,92,000/- |

As already advised vide letter No.F.2/2/2004,NS-11 dated.25-03-2004 (copy enclosed) Department of Posts is requested to send such cases to this Department with the recommendations of Member/FA(Posts) for consideration of the same.

(P.C.Singh)
Under Secretary to the Government of India"

The petitioner's institution figures at serial No.1 of the impugned Office Memorandum.

The petitioner claims to have invested its surplus funds of about Rs.10 lakhs in the "K.V.P. Scheme". On 25-03-1998 as per the terms of the scheme and the KVP certificates issued, an amount invested for a period of five years and six months would entitle the investor to double the value of the amount invested. The maturity date of the certificate received by the petitioner from the concerned postal authorities was 25-09-2003.

On 25-09-2003 the petitioner approached the 3rd respondent with the KVP Certificates requesting payment of the maturity amount of Rs.20,00,000/-. The 3rd respondent did not authorise payment of the maturity amount. The petitioner then made a representation to the 3rd respondent on 27-12-2003 seeking payment. On 03-02-2004 the 3rd respondent addressed the Manager of the Bank intimating that the issue of KVPs to Institutions and Banks was discontinued with effect from 01-04-1995, that the certificates were issued to the Bank in ignorance of the policy, and that the case is therefore forwarded to the 1st respondent for regularisation of the irregular issue of K.V.P. Certificates.

On 19-03-2004 the petitioner submitted a representation to the 2nd respondent requesting regularisation of the KVP Certificates issued and for payment of the maturity amount. On 14-05-2004 the 3rd respondent addressed the petitioner to communicate its willingness to en-cash the KVP Certificates on payment of the savings deposit rate of interest. On 18-06-2004 the petitioner conveyed disinclination to the proposal and sought payment as per the maturity value mentioned in the certificates. The petitioner submitted s number of other representations as well.

Eventually through a letter of the 3rd respondent

dated.08-06-2005 the petitioner was communicated a copy of the Office memorandum of the 1st respondent dated.25-04-2005 which has been extracted above in the judgment. In the circumstances the petitioner is before this Court asserting that the respondents have reneged on their contractual obligation to pay the maturity amount an obligation verified by the KVP Certificates issued at the time of investment showing the maturity period as 25-09-2003 and the maturity amount cumulatively at Rs.20 lakhs.

Such contractual disputes as arise in the writ petition including whether the respondents and in particular the 1st respondent is obligated to pay the maturity amount in accordance with the certificates issued notwithstanding the fact that the certificates were issued by the concerned agency-the Post Office contrary to the instructions of the 1st respondent discontinuing the KVP Scheme for banks and financial institutions, is more appropriately adjudicated in civil proceedings and not under Article.226 of the Constitution. Though this Court has jurisdiction but the question is one of exercise of discretion in entertaining commercial disputes, which involve potentially disputed questions of law and fact. This Court is not inclined to entertain this dispute as the petitioner has an alternate remedy.

For the aforesaid reasons and on the aforesaid analysis the writ petition is dismissed with liberty to the petitioner to pursue the appropriate alternative remedies including and if available the remedy of a civil suit. There shall be no order as to costs.

**GODA RAGHURAM,J**

12th MARCH, 2007
PVSN/TSNR